



Briefing for Incoming Ministers

ISBN: 978-0-478-43785-0 (online)

7 October 2014

[This document has been proactively released. Redactions made to the document have been made consistent with provisions of the Official Information Act 1982.]

Director-General's Foreword	1
The Primary Sector	3
Overview	3
About MPI	4
Major regulatory systems	4
Trust and confidence	5
Vision and purpose	5
Leadership of MPI's regulatory systems	6
Crown Forestry	7
New Zealand Walking Access Commission	7
Votes and appropriations	8
Strategic Issues and Opportunities	9
Consumers	9
Market access	10
Regulatory systems and new assurances	10
Production	11
Regional economic development and Māori agribusiness	12
Operational delivery	12
Priorities	13
Major Policy and Operational Issues	14
Primary Industries	15
Food Safety	26
Shared issues	28
Pending Decisions or Actions	32
Primary Industries Portfolio	32
Food Safety Portfolio	35
Appendix 1: Boards and Entities	36
Minister for Primary Industries	36
Minister for Food Safety	36
Appendix 2: Key Legislation	37
Legislative Bids	38
Appendix 3: MPI Structure	39
Appendix 4: Collective Impact	42
Economic issues	42
Information technology	42
Better Public Services	43
Border Sector	43
Natural Resources Sector	43
Appendix 5: The Primary Sector	44
Glossary	48

Director-General's Foreword

The outlook for New Zealand's primary sector is bright. Global demand for food, fibre and forestry is predicted to rise rapidly over the next ten to fifteen years, and New Zealand's primary industries are well poised to capitalise on this trend.

Real success for our industries though, won't be just riding the commodity cycles caused by demand, as New Zealand has done for generations. Instead, we must use the strong global outlook to forge sustained, rapid and diversified growth that has a significant impact on the economic security of New Zealand, at a national and regional level; on jobs, on the environment and ultimately on social outcomes.

MPI is focused on real success – we have a vision of growing and protecting New Zealand, and a goal of doubling the value of primary sector exports by 2025. To get there, we are deepening relationships with the primary sector to drive a focus on three core issues:

- Understanding consumers better to enable industry to rapidly innovate and adapt products that earn a premium across a diverse range of markets;
- Improving productivity, traceability and sustainable resource use across the primary sector to maximise value from the way New Zealand produces its food, fibre and forestry;
- Adjusting and simplifying New Zealand's regulatory systems to enable value, whilst protecting New Zealand's international reputation for safety, sustainable use, and biosecurity.

The sector itself has taken up the challenge – more than 100 of the major primary sector executives are now meeting regularly to discuss these and other issues. MPI is actively encouraging this cross industry debate, and implementing initiatives for government that arise from it. At the same time, we are also preparing MPI's own business for the future, recognising that as a key regulator, the trust and confidence MPI inspires domestically and internationally is crucial to the future success of the primary sector.

Over the past year, an alignment of MPI's structure has been undertaken that provides for clearer leadership of MPI's regulatory systems, whilst maximising the opportunities of scale MPI now has, as a merged agency. Initiatives have been undertaken to boost MPI's overseas footprint, improve situational awareness across the organisation, and enhance the co-ordination and integration of operational activities. Career pathways are now being laid out inside the organisation to retain and develop the highly specialised skills on which MPI depends.

Over the next year, we intend to continue work on future-proofing MPI's regulatory systems and services by drawing more on the insight and perspective of MPI's frontline staff, and the many audiences, users and customers we work with.

We also intend to continue engaging across government on those issues the public sector can collectively influence, where no individual agency can. Science and technology investment, skills, resource management, capital – all are fundamental determinants of the

future of the primary sector, and all are issues shared among agencies. Clear, collective intent is the only way progress will be made.

We look forward to working closely with Ministers on these and other issues, on the opportunities of the future, on the Government's priorities, and on the matters discussed in this briefing.

A handwritten signature in black ink, appearing to read 'Martyn Dunne'. The signature is fluid and cursive, with a large loop at the top.

Martyn Dunne
Director-General

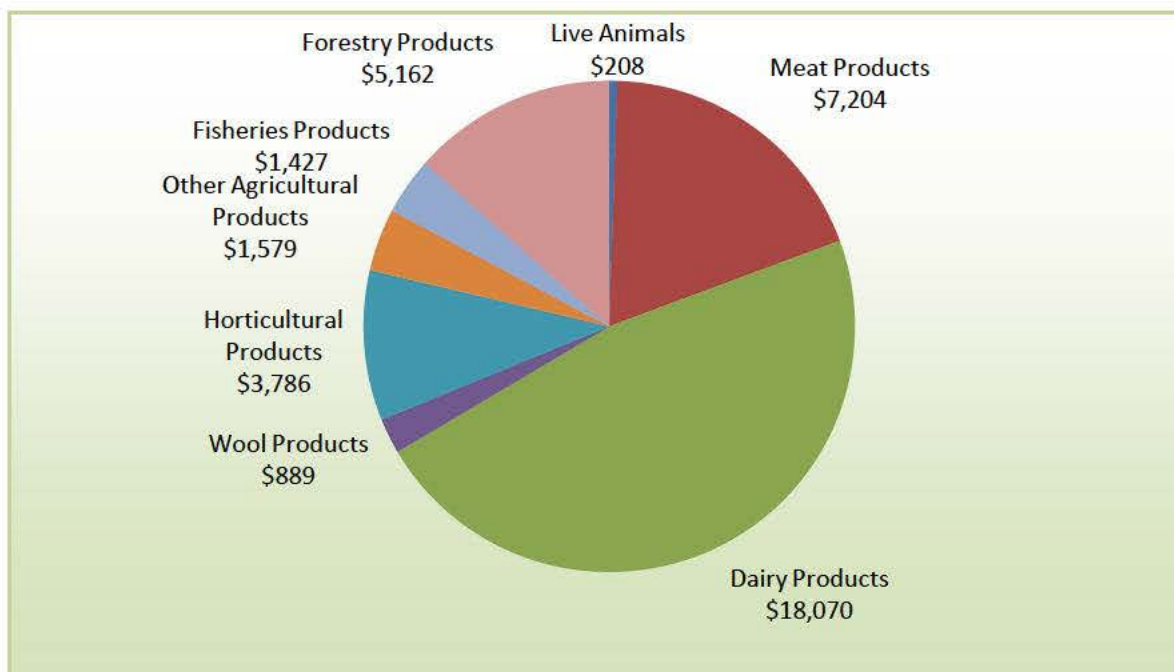
The Primary Sector

Overview

The primary sector drives New Zealand's economy. Total primary sector exports account for over 76 percent of total merchandise exports. Over 350,000 people are employed either directly in primary industry jobs or supplying the support services that are crucial to keeping the industry running. This number is forecast to increase to 400,000 by 2025.

Dairy is the backbone of New Zealand's primary sector. We are the world's top dairy exporter and account for a third of the world's dairy trade; dairy alone now accounts for 35 percent of New Zealand's total merchandise export value. Other important industries include forestry, meat and wool, horticulture and fisheries. A brief sector by sector analysis and outlook for the next four years is attached as Appendix 5.

2013/14 Primary sector exports by product type (\$ millions)



The past year has seen near record high prices for New Zealand's primary sector exports, although there have been recent downturns for dairy and forestry prices. Since 2011, the value of agriculture, fisheries and forestry exports has grown from \$31.9 billion to an estimated \$37.7 billion for the year ended 31 June 2014, and is forecast to continue growing to reach \$40.8 billion in 2018. Demand growth in China has fuelled this rise, bringing into sharp focus the importance of China as a trading partner.

About MPI

The Ministry for Primary Industries (MPI) employs over 2,200 people and conducts a wide range of operational, preparedness, readiness and response, policy, regulatory, diplomatic and industry development activities that support New Zealand's primary sector.

MPI was formed from the mergers of the Ministry of Agriculture and Forestry and the New Zealand Food Safety Authority in 2010, and the Ministry of Fisheries in 2011.

MPI's wide scope allows for a broad view of issues and opportunities across the full value chain of primary production from the paddock, forest or ocean, through the processing and transportation system, all the way to the market, and ultimately the

Strong regional presence:
 more than 1,000 staff outside Wellington
 over 70 locations across the country

consumer. It also allows for the deployment of staff across regulatory systems, such as enforcement staff who hold warrants for fisheries, animal welfare and food inspection. This increases the ability to respond to emergencies and breaches of regulations. MPI also provides independent policy advice to the government on all these matters.

Major regulatory systems

The mergers created a single gateway to New Zealand's government for the primary sector, and also for overseas regulators of primary products. It brought together the major regulatory systems that underpin the things that matter to both consumers and markets when buying primary products.

New Zealand is free from harmful pests and diseases

Through its leadership of the biosecurity system, MPI works to prevent harmful pests and diseases from entering New Zealand, and manages surveillance and readiness programmes

Each year MPI manages biosecurity risk across:

- 800,000 container equivalents
- 32,000 aircraft
- 35 million mail items
- 5 million passengers

to monitor for and respond to pest incursions when they do occur. MPI works closely with many players across the system, in particular, with the National Biosecurity Capability Network, AsureQuality, Customs, and local government. MPI also supports the management of established pests.

We also work closely with other government agencies in the Natural Resources Sector, at the border, on economic development and on international issues.

In doing so, MPI protects New Zealand's natural advantage and resources, and facilitates trade. The 'pest-free status' of many of New Zealand's products is critical to ongoing market access.

New Zealand food is safe and suitable for consumers

Through its leadership of the food safety system, MPI sets the minimum regulatory requirements for New Zealand's domestic food safety system, and food exports. We undertake auditing and monitoring of the system, verification to support assurances to export markets, and enforcement of food safety requirements where necessary. The system allows consumers in New Zealand and around the world to buy and consume our products with confidence. It is pivotal to New Zealand's reputation as a trusted trading partner.

Productivity within sustainable limits

Through its leadership of the sustainable economic development and trade system, MPI oversees New Zealand's primary production. MPI's roles include enforcing animal welfare standards across New Zealand, and mechanisms for sustainable limits and practices within our agriculture, fisheries and forestry industries. At the same time, MPI also works with central and local government to support increased productivity across the primary sector, and increased sustainable use of resources, such as water. It plays a major role in New Zealand's national and regional economic development through its work with farmers, fishers, corporations, banks, Māori, and industry-level bodies.

MPI has a role as a border agency managing the risks from imports into New Zealand, and it is also heavily involved in New Zealand's export system. As the major regulator of the primary sector, MPI leads the negotiation and maintenance of access to overseas markets for primary products. Many companies and primary producers depend upon MPI's facilitation, certification and verification activities to get product across borders.

Trust and confidence

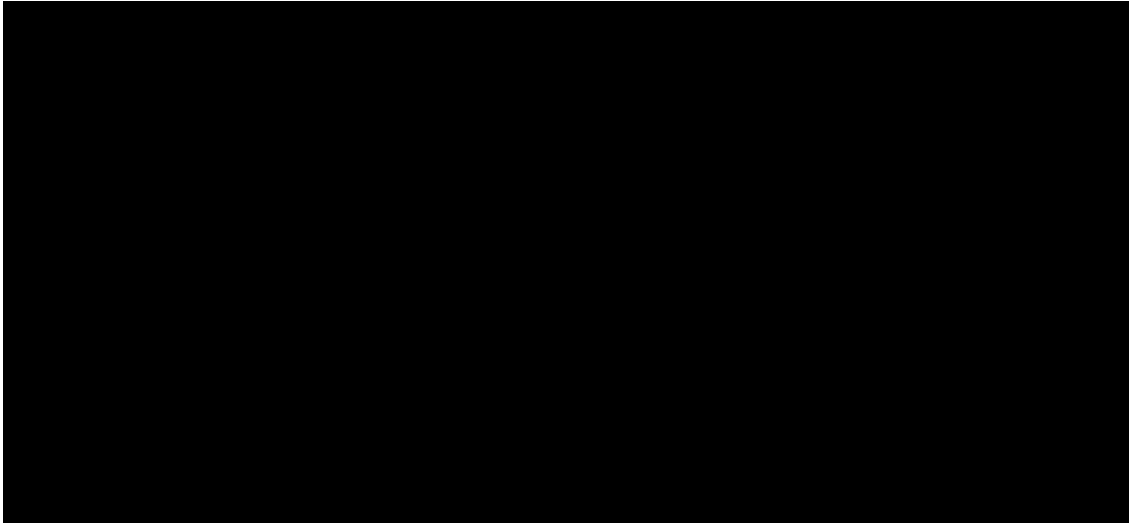
As a major regulator of a wide range of internationally exported products, trust and confidence is essential to MPI because it influences the perception of New Zealand's regulatory systems and ultimately perceptions of the safety and quality of our primary products. How MPI reacts to situations, its readiness for the unexpected, and its level of professionalism are essential to building that trust and confidence. So too, are the wide range of world leading professionals, technical experts and scientists MPI employs, the quality of the relationships MPI forms, and the verification and certification systems we have to underpin the official assurances provided to trading partners.

Vision and purpose

To guide its activities, MPI has a single unifying strategy with a vision of Growing and Protecting New Zealand. We aim to achieve this by enabling and partnering with the primary industries.

The organisation is striving to achieve an ambitious goal of doubling the value of primary sector exports by 2025.

Within this strategy, MPI develops medium-term (four year) priorities that help it respond to the Government's priorities, and set direction.



[s.9(2)(g)(i)]

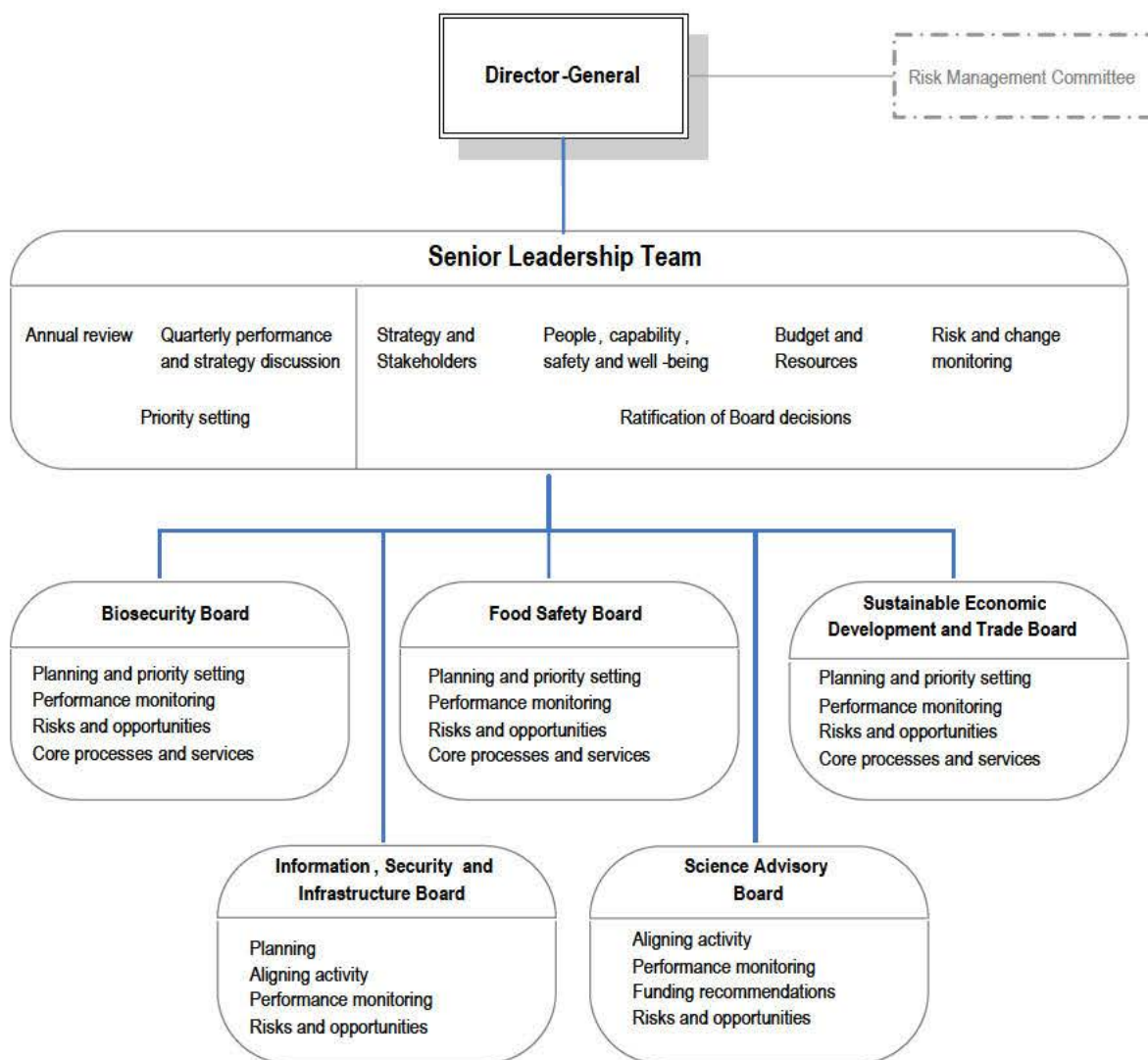
Leadership of MPI's regulatory systems

Within the past year, MPI has undergone an alignment of structure and governance to further consolidate and strengthen the organisation since the initial mergers. The alignment provided for clearer leadership of each of the major regulatory systems. It consolidated the core components of these systems, while maintaining the efficiency benefits of consolidated and shared functional services, such as policy, compliance, finance, and human resources.

At the same time, new Boards were created to work across the organisation to monitor and oversee the health of the systems. The Biosecurity, Food Safety, and Sustainable Economic Development and Trade Boards are chaired by the Deputy Directors-General running the core components of each system.

The structural adjustments also sought to boost situational awareness across the organisation, and the co-ordination and integration of operational activities. Clearer, more flexible career pathways for staff are also being laid out to help retain and grow the highly specialised skills and expertise necessary for MPI to conduct its functions, and to leverage the full opportunities of the breadth of the organisation.

In recognition of the importance of science to both MPI's regulatory and economic development roles, MPI's Departmental Science Adviser now reports to the Director-General. More detail on MPI's structure is available at Appendix 3.



Crown Forestry

MPI is the manager of the Crown’s forestry assets, which are run as a commercial operation through the small Crown Forestry business unit. Forecast revenues from forest operations for 2014/15 are [REDACTED]. Crown [s.9(2)(b)(ii)] Forestry’s role is to extricate the Crown from the business of commercial forestry on fully commercial terms, generally through forests being taken over by the landowners. As well as negotiating directly with landowners in respect of Crown forests on Māori land, Crown Forestry works closely with the Office of Treaty Settlements in the Ministry of Justice in preparing Crown forests planted on Crown land for offer to iwi as part of Treaty of Waitangi settlement processes. From time to time Crown Forestry also generates cash from the sale of and disposal of Crown forests and land.

New Zealand Walking Access Commission

MPI monitors the New Zealand Walking Access Commission, a small Crown Entity responsible for leading and supporting the negotiation, establishment, maintenance and improvement of walking access over public and private land. It was created by the Walking

Access Act 2008 after extensive public consultation, and currently receives \$1.789 million per annum in non-departmental funding to execute its functions.

Votes and appropriations

MPI's work is financed through two Votes: Vote Primary Industries and Vote Food Safety.

Total Expenditure Appropriations for 2014/15 (full details of out-years provided below)

	*Departmental (\$m)	**Non Departmental (\$m)	Departmental Capital (\$m)	Non Departmental Capital (\$m)
Vote Primary Industries	***319.298	235.399	33.100	40.500
Vote Food Safety	88.234	2.100	-	-
Total	****407.532	237.499	33.100	40.500

* Department appropriations include goods and services produced by MPI.

** Non Department appropriations include goods and services purchased by a Minister from a provider that is not a government department.

*** Crown Forestry comprises \$1.6 million of departmental and \$73.9 million of non-departmental funding included in these figures.

**** The total departmental expenditure appropriations of \$407.5 million include \$101.3 million of third party funded activity (24.8 percent of the appropriation).

Total forecast expenditure appropriations for 2014/15 and out-years

	2014/15	2015/16	2016/17	2017/18
Vote Primary Industries (millions)				
Departmental	319.298	329.521	322.335	319.906
Non-Departmental	235.399	212.226	176.417	163.354
Departmental Capital	33.100	36.710	18.100	18.100
Non-Departmental Capital	40.500	-	-	-
Vote Food Safety (millions)				
Departmental	88.234	88.363	89.403	88.964
Non-Departmental	2.100	2.100	2.100	2.100
Departmental Capital	-	-	-	-
Non-Departmental Capital	-	-	-	-

Strategic Issues and Opportunities

While each of New Zealand's primary industries has its own opportunities and challenges, there are also some clear cross-sector themes common to them all.

At a high level, New Zealand's primary producers face a bright future. By the year 2025, some forecasts predict global food demand may increase by 40-45 percent, driven by a rising global population and the emerging middle classes of Asia. Demand for wood and fibre is also expected to increase.

To fully capitalise on these global trends and deliver sustained growth that boosts overall social outcomes, MPI believes New Zealand must focus on adding more value to its exports by:

- understanding consumers better to enable industry to rapidly innovate and adapt products that earn a premium across an increasingly diverse range of markets;
- improving productivity, traceability and sustainable use across the primary sector to maximise value from the way New Zealand produces its food, fibre and forestry;
- adjusting and simplifying New Zealand's regulatory systems to enable value, whilst protecting New Zealand's international reputation for safety, sustainable use, and biosecurity.

Consumers

The number of premium market segments is multiplying rapidly as the size, cultural diversity and connectedness of the global middle class grows, and so too are consumer expectations of safety, sustainability, traceability, quality, authenticity, convenience and provenance.

This is providing New Zealand's producers with a clear opportunity to broaden production and processing across a wider range and depth of niche and commodity products. More and more products are getting pulled through the supply chain by retailers searching for ways to meet consumer needs and demands, and as a result more requirements are getting placed on producers by retailers and consumers.

Forecasts predict New Zealand can only feed at most 40 million people from our available resources; particularly given that constraints on production are growing. Consensus is building across the primary sector that the more we can grow exports by growing value, the more we can insulate our economy from commodity cycles, and the better we can mitigate environmental impacts. The Primary Industries Bootcamp, a group of almost 100 of the major primary sector executives that meets regularly, has made this a major focus.

To grow value, New Zealand's primary industries need to build a greater understanding of consumer insights, and maintain research, development, production and marketing systems that can rapidly design and distribute tailored products to different markets. Our industries need access to new skills, new capital and commercial partnerships to support this shift and, importantly, they also need more responsive market access arrangements and regulatory systems.

Market access

New Zealand's trading environment is increasing in complexity. We are now trading primary products with almost 200 economies, with a wide spectrum of different regulatory requirements, and many with different philosophies.

In a number of cases, the pace of trade with new markets is accelerating rapidly, but MPI's regulatory relationships with them are still young – the relationships need time to mature. MPI and industry are investing to deepen relationships with the regulatory and commercial players in these markets. MPI must do so while maintaining relationships with traditional markets, and continuing to advance new niche opportunities in them.

The capacity of New Zealand to spread its reach and sharpen its responsiveness to emerging markets is a significant area of focus for industry. For these reasons, MPI has made it a major focus, recently consolidating all of trade activities into one branch, doubling the size of its market access function, and boosting MPI's overseas presence.

Despite the complexity, MPI's ambition is to consistently anticipate market and commercial trends and prepare and align market access for New Zealand's primary industries to them.

Regulatory systems and new assurances

Whilst New Zealand's regulatory systems are amongst the best in the world, some were designed for the problems of yesterday, not the opportunities of tomorrow. The global environment is such that the pressure for regulation is increasing not decreasing, meaning continuous improvement of the existing regulatory systems is essential to provide the assurances the primary industries need to trade, and effectively manage risks, while reducing inappropriate barriers to efficient growth and innovation.

MPI seeks to regularly adjust its regulatory frameworks. For example, the Food Act 2014 enhances the domestic food safety regulatory system, and the Biosecurity Law Reform Act 2012 significantly strengthened the biosecurity system. A Bill strengthening the Animal Welfare system is also before Parliament. To prepare effectively for the future, MPI would encourage Ministers to see these developments as part of an ongoing programme of regulatory maintenance and reform.

Smart regulation is central to market access, it is central to the trust and confidence consumers have in New Zealand products, and it can also support the primary industries to add more value to their products in new ways.

Traditionally, regulatory requirements have ensured essential science-based safety requirements are met, but interest is now growing among companies in the provision of official assurances to support classes of claims to consumers, and provide evidence of product attributes to major global retail chains. A range of potential opportunities exist in this emerging area of regulatory activity, and are discussed further in the Major Policy and Operational Issues section of this briefing.

Production

The conundrum underlying the growth in the global demand for food is that at the current rate of production, there is not enough arable land available to meet projected demand. In many countries primary producers are facing increasingly strict environmental limits within which they need to operate to meet consumer and public expectations and care for the environment. New Zealand is no different. Conflict over resource allocations, sustainable limits and competing uses are playing out on land and in coastal areas.

As this occurs, premium consumers are increasingly demanding to look through the distribution chain to how their primary products were produced. A lot of value resides in provenance that meets market expectations, and part of that provenance story is the social license the New Zealand public extends to the primary industries themselves, and how it is earned. Interconnectivity is leading to greater transparency, and with it more opportunity and more risk.

The ability of farmers, fishers and foresters to use new technologies to bring greater precision to their production and harvesting systems, improve their productivity, and meet customer and public expectations; will be essential to seizing the global opportunity.

A highly effective system of technology investment, development and extension will be a key driver of precision. So too will access to the capital a producer needs to purchase new technology or upgrade equipment, the skills and knowledge to maximise productivity from it, and the ability to then earn an appropriate return from markets. MPI is already making significant investments in primary sector innovation, commercialisation and technology transfer. At the same time, MPI is also working to tackle the primary industries' skills and capital requirements.

To double the value of exports by 2025, forecasts estimate:

An additional **50,000** workers would be required in the primary sector

The proportion of workers that would need a Tertiary or Level 4 Qualification would have to rise from the current **44 percent** to **62 percent**

An additional **\$60 billion** of capital would be required to fund the adoption of new technology, adjustments to production and the research and development required for new products

These numbers lay down a clear challenge to government, to our tertiary education system, to our banking system and also to the primary industries themselves. Alongside the other issues described above, they will not be solved by MPI working alone. They illustrate the importance of MPI's efforts with other agencies in the Economic and Natural Resources sectors of government (see Appendix 4). Access to natural resources is covered in more detail by the briefing from the Natural Resources Sector, to which MPI has contributed.

Regional economic development and Māori agribusiness

The primary industries underpin the economies of many of New Zealand's regions, and the benefits that flow from the contribution of those industries to most of New Zealand's towns and cities is a critical part of the social license the primary industries earn from the public.

MPI is leading a staged programme across New Zealand's regions and different sectors to support economic growth. The programme was launched in Northland in October 2013, and combines a number of MPI initiatives to bolster the region's economic capabilities and contribute directly to the Government's priority to improve the livelihoods of New Zealanders.

This programme aims to increase the following in Northland:

- household income;
- employment;
- primary industry jobs;
- qualifications of school leavers;
- value of exports.

This is being achieved through growth opportunities in innovation, optimising land use and productivity through initiatives such as the Primary Growth Partnership, the Sustainable Farming Fund, the Irrigation Acceleration Fund and Māori agribusiness programme.

The Ministry for Business, Innovation and Employment (MBIE) and MPI are also leading a programme of work to evaluate opportunities to increase investment, employment and incomes in the regions. The key component of the programme is the commissioning of a series of in-depth regional growth studies. Work on developing studies for three regions is underway:

- Taitokerau/Northland;
- Bay of Plenty (covers the Bay of Plenty and Taupo);
- Manawatū-Whanganui.

The reports will include details for potential investors, local industry, and central and local government on the actions that would most effectively stimulate economic development and increase incomes and jobs in the region over the short- to medium-term.

At the same time, MPI is also seeking to boost Māori agribusiness on Māori-owned land. Research has shown that encouraging Māori economic development and farm productivity improvement could create up to 3,600 extra jobs and provide about \$8 billion in additional exports.

Details of these initiatives are discussed further in the Major Policy and Operational Issues section of this briefing.

Operational delivery

Fundamental to the future success of the primary industries is not only our ability to grow value but also the ability to protect it.

The way MPI operates the biosecurity and food safety regulatory systems to drive trust and confidence is a central focus for the organisation. To ensure the effective maintenance of these systems, MPI is working to understand the implications of economic growth for them.

Growth creates an uplift in goods leaving the country, and goods, people and craft entering the country. Both impact directly on demand within the biosecurity and food safety systems, and it is not just a volume issue. The anticipated growth in processed products as the primary industries chase greater value is expected to add another layer of complexity in food safety, and new trading patterns led by new market relationships is expected to result in new emerging risks for the biosecurity system to manage.

MPI is currently modelling the likely impact of these trends on demand, and forecasting the shifts in resources required to meet them. MPI is also investing in its readiness to respond to the unexpected across both systems, and the core infrastructure on which the systems depend. For example, work is underway to design and build a significantly enhanced National Biocontainment Laboratory, in which testing and organism identification takes place to support biosecurity monitoring and response in an environment of new and emerging risks.

Again in biosecurity, Government-Industry Agreements are being implemented to support a closer relationship between key industries and government on biosecurity readiness and response. The outcome will be a stronger system.

The Government Inquiry into the Whey Protein Concentrate Incident last year has made a series of recommendations for enhancements to the food safety system, and implementation of these will also prepare that system well for the future. A range of work by government and industry is underway to address those recommendations, and there are some important decisions to be made as part of that work.

Priorities

To guide MPI's medium-term planning, and support the implementation of Ministerial priorities, we have developed seven underlying priorities for our organisation to address the issues and opportunities above. They are:

- smart regulation;
- operational excellence;
- international access;
- provenance and traceability;
- precision production and investment;
- enduring relationships;
- integrated information insight and knowledge.

Major Policy and Operational Issues

Primary Industries

1. Biosecurity
 - Improving the biosecurity system
 - Government-industry agreements
 - National Bovine TB Pest Management Plan
2. Animal welfare
3. Environment
 - Fresh water
 - Irrigation Acceleration Fund
 - Emissions Trading Scheme and climate change
4. Primary production
 - Technology transfer
 - Skills development
 - Capital investment
 - MPI's investment portfolio
 - Primary Growth Partnership
 - Sustainable Farming Fund
 - Māori agribusiness
 - Regional economic development
 - Managing MPI's investment portfolio
5. Fisheries
 - Fisheries policy settings
 - Foreign charter vessels
 - Specific species
6. Aquaculture
7. Forestry
 - Plantation forestry
 - Engineered timber

Food Safety

8. Response to the Whey Protein Concentrate Incident
9. Food Safety Law Reform Bill
10. Food Act Regulations

Shared issues

11. MPI cost recovery programme
12. Treaty of Waitangi
13. [REDACTED] [s.9(2)(f)(iv)]
14. New assurances
15. World Trade Organization
16. Free trade agreements
17. International standards
18. Market access

Primary Industries

1. Biosecurity

Improving the biosecurity system

MPI is responsible for biosecurity system leadership. The biosecurity system is strong overall and is well placed to manage risks at various points through offshore, border and post-border measures. Despite the biosecurity risk management systems being world class, MPI is committed to continually strengthening the system.

Recent initiatives include investment in new x-ray technology and additional frontline staff to boost biosecurity defences at the border. Further initiatives include investment in improved biocontainment laboratory facilities, enhancing our overall preparedness, improving intelligence, planning and co-ordination capabilities, the enhancement of MPI's regulatory systems, and continuing implementation of Government-Industry Agreements for managing readiness and response.

MPI is also collaborating with other agencies to enhance the delivery of border services, including biosecurity. Key to this work is the delivery of the Joint Border Management System (JBMS). The Trade Single Window element of JBMS will lead to efficiencies for industry, through faster clearance of goods, the ability to provide MPI with advance information, and an increase in the range of service providers importers are able to use when importing goods into New Zealand.

The development of a comprehensive biosecurity emerging risk system (ERS) over the last two years has significantly enhanced MPI's ability to identify and respond to new and emerging biosecurity threats from offshore. The ERS scans for changes in hazards, pathways and the biosecurity environment that suggest new and emerging threats to New Zealand and filters these 'alerts' through a science screen to determine their likely level of risk. New hazards and situations that are deemed significant are communicated to risk managers who respond accordingly. More than 1,400 alerts from industry, offshore intelligence sources, New Zealand crown research institutes and MPI itself have now been processed through the ERS and this has resulted in a range of responses to strengthen our biosecurity system at the border.

Government-Industry Agreements

Under Government-Industry Agreements (GIAs), industry organisations and MPI can establish biosecurity partnerships. Partners will share decision-making, costs and responsibility to prepare for, and respond to, biosecurity incursions. A GIA will give industries a direct say in managing biosecurity risks. During 2012/13, a joint working group, comprising industry and MPI representatives, developed and agreed to a GIA Deed. This collaborative approach culminated in the final GIA Deed approved by Cabinet in December 2013.

Industries can also work with MPI to develop an operational agreement pertaining to the specific readiness and response priorities of their industries. The first GIA was signed between Kiwifruit Vine Health and MPI in May 2014. Many other industry sector organisations, such as DairyNZ, New Zealand Forest Owners Association, New Zealand

Equine Health Association and Pipfruit New Zealand, are actively engaging with their sectors to gain a mandate to be eligible to sign the GIA Deed.

National Bovine TB Pest Management Plan

OSPRI, the management agency for the TB Plan, will submit a proposal for new funding arrangements from 2015/16 to the Minister for Primary Industries in October. As the statutory decision maker for national pest management plans, the Minister will need to decide whether the proposal meets the criteria of the Biosecurity Act 1993.

Currently, MPI supports Crown funding of \$30 million for 2014/15, but baseline funding for the TB Plan will reduce to only \$7.6 million per annum from 2015/16. MPI officials will provide the Minister with briefings to support decisions on the proposal and on funding options for the TB Plan.

2. Animal welfare

If passed, the Animal Welfare Amendment Bill will change the Animal Welfare Act 1999 to make it clearer and easier to enforce. The Bill was reported back to Parliament by the Primary Production Select Committee in June 2014, and is now awaiting its second reading. Amongst other things, the Bill provides for new regulations to set out mandatory and enforceable animal welfare standards, and increases the range of enforcement tools in the Act so that low-to-medium-level offending can be more effectively addressed. We have started working with the National Animal Welfare Advisory Committee to develop these regulations, which will need to be publicly consulted after the Bill is passed.

Cabinet endorsed New Zealand's first animal welfare strategy in May 2013. The strategy documents some of the essential features of New Zealand's animal welfare system and provides a focus for where improvements need to be made. It identifies two broad outcomes for animal welfare:

- **Outcome 1:** Care of Animals: We meet the needs of our animals and avoid causing unreasonable or unnecessary harm to animals through our activities.
- **Outcome 2:** Reputation for Integrity: New Zealand's animal welfare practices add value to our exports and contribute to our reputation as a responsible agricultural producer.

MPI is currently working with organisations across the animal welfare system to establish priorities and develop programmes to implement the strategy.

3. Environment

Fresh water

Increasing economic growth within strict environmental standards will be challenging for primary industries and will require different types of production systems and different practices. This will also be a catalyst for adopting new technologies and searching for greater productivity gains and value-add.

The Minister for Primary Industries and the Minister for the Environment are jointly responsible for a programme of work to improve freshwater management. A Water Directorate comprising staff from both agencies provides co-ordinated advice to both Ministers.

Water policy reform is an inter-generational reform that will take many years. The country has taken important steps on this path in the last five years and it will be important to keep making progress without major policy shifts that undermine the gains that have been made. In August 2014 the National Policy Statement for Freshwater Management was amended to include a National Objectives Framework with minimum requirements for ecosystem and human health. The two Ministries are backing up the regulatory framework by working closely with regional councils and stakeholders to develop guidance, invest in science, adopt new technologies, partner in economic analyses, and support collaborative processes in different regions.

[REDACTED]

[s.9(2)(f)(iv)]

Irrigation Acceleration Fund

The Irrigation Acceleration Fund (IAF) is designed to support the investigation and development of water harvesting, storage and distribution infrastructure. To date the IAF has provided over \$27 million in grant support to 15 projects throughout New Zealand – predominantly in Canterbury but also in Hawke’s Bay, Otago, Wairarapa and Manawatu.

These projects span development stages from pre-feasibility investigations through to construction, commissioning and operation. The passage of individual projects through the development stages depends both on the progress of agreed good practice work programmes and the governance and project management strength of the project proponents.

Projects investigating 260,000 hectares of potential new irrigation are progressing through a staged investigation process. There are also a number of other proposals at the very early stage of investigation. Clear definition of this development pipeline will provide for the consideration of further grant funding appropriation to support the comprehensive work programmes that are required to prove the viability of these proposals.

Emissions Trading Scheme and climate change

MPI is a partner with several other agencies in New Zealand’s approach to climate change, and has formal delegation from the Environment Protection Agency to operate the forestry parts of the Emissions Trading Scheme (ETS).

[REDACTED]

[s.9(2)(j)]

[REDACTED]

The key issues for Ministers over the next few months will be negotiating a new international agreement to replace the Kyoto Protocol from 2020, and the review of the ETS that is due in 2015.

The new international agreement is currently being negotiated in the United Nations Framework Convention on Climate Change, to apply from 2020 onwards. This agreement is

envisaged to be different from its predecessors in that it will be applicable to all countries and all countries are expected to take action.

[REDACTED]

[s.9(2)(j)]

[REDACTED]

[REDACTED]

[s.9(2)(f)(iv)]

[REDACTED]

[REDACTED]

MPI also manages New Zealand's input into the Global Research Alliance on Agricultural Greenhouse Gases. The Global Research Alliance was formed to increase international co-operation and investment in research activities that will help reduce the emissions intensity of agricultural production systems.

The Global Research Alliance provides practical and positive collaboration between agricultural producing countries separate from international climate change negotiations. This helps separate climate research from disputes over national targets and obligations. Domestically, the Government also partners with the sector through the Pastoral Greenhouse Gas Research Consortium which funds research into potential emissions reduction technologies in co-ordination with the New Zealand Agricultural Greenhouse Gas Research Centre.

4. Primary production

Technology transfer

MPI, through partnering with industry, is seeking to enable change at an on-farm and industry level to ensure that the development, uptake, and/or tailoring of knowledge, practices and technology is widespread throughout the primary sector in New Zealand. Lifting the performance of all farms to the level of the highest performing farms will result in increased production within environmental limits and increase profitability and optimise future market opportunity.

There is room for growth in the area as MPI surveying indicates that while the equivalent of 2,100 full-time professionals are actively supporting farming communities in this space, this is small compared with the over 30,000 commercial farmers and growers operating in New Zealand.

While some knowledge and technology is enabling individual, community and/or sector change in the primary industries, research undertaken by MPI in 2012 showed the technology transfer system is currently fragmented and thinly spread, with room for considerable improvement. Increasing the effective development and dissemination of new

ideas, practices and technology in the primary sector will lead to increased environmental benefits and productivity and establish our position as an environmentally responsible producer on the international market.

MPI is directly funding innovation and extension activity by partnering with industry through the Primary Growth Partnership (PGP), and administering funds through the Sustainable Farming Fund (SFF), and the Sustainable Land Management and Climate Change Technology Transfer Fund.

Skills development

Employment in the primary sector is forecast to grow from 350,000 in 2012 to 400,000 in 2025. More importantly, there is a critical need to lift the overall capability through recruiting those with new skills and up-skilling existing staff. By 2025, the primary industries will need 92,600 more workers with qualifications. This means that between 2012 and 2025 the primary sector will need to train an additional 235,000 people to replace the natural attrition of workers in the primary industries.

MPI is working with industry, MBIE, the Ministry of Education and the Tertiary Education Commission to develop action plans around key aspects of attracting, training and retaining talented people in the primary sector. This includes better understanding of what skills are needed and better understanding of the demand and supply sides of the labour market, as well as making the education and training system more responsive to the needs of the primary industries. The skills to implement and report on good environmental management practices are increasingly important.

Immigration settings are also important. Worker schemes such as the Recognised Seasonal Employer and Working Holidays are essential avenues for meeting skilled and unskilled seasonal labour needs, when insufficient numbers of New Zealand workers are available. MPI is working with the Ministry of Education and the Primary Industry Capability Alliance (PICA) – a collaboration between New Zealand Young Farmers, DairyNZ, Beef and Lamb NZ, Primary ITO, Taratahi, Lincoln University and MPI – to establish partnerships between primary industries and groups of schools. The aim of this work is to improve education outcomes, attract young people to careers in the primary industries and to better connect schools and students to the primary industries. PGP programmes also have work underway to support capability development in the primary industries.

Capital investment

Overseas investment in the primary sector has the potential to provide capital to generate growth and innovation. Opportunities for investment exist across the various sectors and through the value chain.

Services and Investment commitments are included in the free trade agreements New Zealand is party to. New Zealand is required to consider these commitments in assessing the opportunities and issues for overseas investment. New Zealand will also take this into account in the ongoing negotiation of services and investment commitments in agreements currently being worked on in the multilateral and bilateral context.

MPI is supporting the Government's programme through working with key industry stakeholders to develop standardised processes to help primary industry businesses be

ready for capital investments, informing the farming system changes the new capital allows, and providing industry knowledge as requested to support foreign direct investment.

MPI investment portfolio

In order to reach our vision of growing and protecting New Zealand and our double exports goal we must make strategic investments. The challenges and increasing complexities across all systems, the growing demands for evidence and innovation in dynamic organisational and industry operating environments, coupled with increasing pressure on budgets and other resources, mean that MPI must ensure that each dollar spent across its investment portfolio is driving maximum contribution and value. MPI invests in a number of programmes, including the: Primary Growth Partnership (PGP), Sustainable Farming Fund (SFF), Māori Agribusiness and Regional Economic Development.

Primary Growth Partnership

The PGP is a government-industry initiative that invests in significant innovation programmes to boost the economic growth and sustainability of New Zealand's primary sector. The PGP focuses on increasing productivity through innovation across the value chain; from producer to consumer, including education and skills development, research, product development, commercialisation, commercial development and extension.

At present, sixteen PGP programmes are underway, with two programmes recently completed. Four potential new programmes are in the business case development stage. To date, the amount of funding committed under the PGP totals \$708 million, with industry committing \$375 million and government committing another \$333 million; to be paid to programmes as progress is made. Programmes are multi-year programmes.

PGP programmes are required to have programme steering groups with MPI representation, develop outcome logic models and comprehensive evaluation mechanisms, and submit annual plans and quarterly reports. Executive summaries of the reports are made available on MPI's website.

Each PGP programme is also subject to a financial audit. Audits have been conducted for nine programmes to date with no major issues identified. Several further audits are scheduled for the 2014/15 year and full audit reports are made available on MPI's website. Programmes are also subject to an independent progress review, at approximately halfway through the programme term. One progress review has been completed to date, with others currently in the commencement stages.

Sustainable Farming Fund

The SFF was established in 2000 to assist farmer, grower and forester-led groups in their own applied research and extension projects. It supports industry in developing innovative solutions to problems or opportunities to improve both primary sector productivity and sustainable resource use, often using the power of regional communities to address both local and national issues. It is one of MPI's non-regulatory tools in supporting industry innovation and adaptation, alongside other funding schemes.

SFF is well supported by the primary industry with over 50 percent of total project budgets consisting of industry cash or in-kind contributions. A 2013 independent evaluation of the

SFF found that industry contributed \$1.27 for every \$1 of MPI investment. Investment since the SFF began is approximately \$120 million of Crown spending, supplemented with investment by the private sector.

In 2011, SFF's scope was extended to include the aquaculture sector. To date, 12 aquaculture projects have been funded, totalling \$3.5 million in SFF grants. Most recently, the SFF had 31 programmes approved for 2014/15, with a value of \$9.9 million and industry co-investment of a further \$9.8 million.

Māori agribusiness

MPI's Māori Agribusiness Programme includes a suite of activities to enable Māori owners of primary sector assets to lift productivity and contribute to doubling the value of primary sector exports by 2025. Research shows that more than one million hectares of Māori land is not being farmed to its potential. Encouraging Māori economic development and farm productivity improvement could create up to 3,600 extra jobs and provide about \$8 billion in additional exports.

The Māori Agribusiness Programme includes:

- ensuring Māori agribusinesses are able to access MPI grant programmes and providing support for the specific challenges faced by Māori owners;
- contributing to MPI policies, legislation and initiatives to appropriately reflect Māori agribusiness needs and interests.
- MPI collaboration and co-ordination with Māori owners, sector bodies and other government agencies.

The Māori Agribusiness Programme works with Māori who own land collectively, including Māori freehold land and Treaty settlement land. It extends into other collectively owned primary sector assets and value chain activities.

In 2014/15 MPI is focused on a programme of work that targets the specific challenges faced in Māori agribusiness. This work is new and is moving from exploratory to business-as-usual. It includes tailored support to access expert advice, create economic scale, strengthen decision making, and build capability. It is designed to complement MPI's existing programmes and utilises the relationships and expertise of MPI's Māori Partnerships and Programmes regionally-based team.

The Māori Agribusiness Programme is a partnership that enables projects that are driven by Māori primary sector asset owners. It involves working with other government agencies to ensure a joined up approach – under the auspices of He kai kei aku ringa (The Crown-Māori Economic Growth Partnership). It also requires collaboration with Māori organisations such as Te Tumu Paeroa (the new Māori Trustee) and key sector organisations such as the Federation of Māori Authorities (FOMA).

Regional economic development

As outlined on page 12, MPI continues to lead a number of initiatives across the country that provide practical interventions to support:

- building stronger regional economies;
- improving the livelihoods of New Zealanders;

- doubling the value of primary sector exports by 2025.

These initiatives include the PGP, SFF, IAF, Māori Agribusiness Programme, Erosion Control Funding Programme (East Coast) and skills and capabilities work.

Northland is a prime example of where MPI's funding initiatives are working to bolster the region's economic growth, in cooperation with iwi, local businesses, training and research institutes, Northland District and Regional Council, industry organisations and other government agencies.

Opportunities	MPI interventions
<ul style="list-style-type: none"> • Optimising 116,000 hectares of Māori land in Northland over the next 10 years will create: <ul style="list-style-type: none"> - \$714 million gross output; - \$331 million gross contribution to GDP; - 331 FTE jobs. • On-farm productivity improvements will also add an estimated \$50 million per annum. 	<ul style="list-style-type: none"> • Māori Agribusiness Programme: MPI is currently working with two Māori-owned farms to improve productivity through optimising land use. • SFF: MPI has contributed nearly \$1 million to farmer, grower and forester led projects in aquaculture, forestry and pasture in Northland. • PGP: The PGP's Avocado, aquaculture, FarmIQ and Manuka programmes are all examples of where application of programme innovations can help to increase Northland's regional economic growth.
<p>Skills and Capabilities:</p> <ul style="list-style-type: none"> • To increase regional capabilities and double the value of exports by 2025, forecasts estimate that an additional 50,000 workers would be required in the primary sector. In Northland, this means a 33% increase will be required. • The proportion of workers that would need a Tertiary or Level 4 Qualification would have to rise from the current 44% to 62%. 	<ul style="list-style-type: none"> • MPI is working with the primary industries and other government agencies to tackle the primary industries' skills and capital requirements. • An initiative is being developed in Northland to create an education hub to increase the skills and capabilities of Northland communities in the primary sector.

[s.9(2)(f)(iv)]

MPI's funding initiatives are also building economic resilience on the East Coast of the North Island. The Restoring the Waiapu Catchment Programme aims to address the significant erosion issues in the Waiapu catchment. This will restore the land, forests and rivers, which will in turn encourage the development of industries on land that is not currently in use. To support economic growth in this area, MPI is funding the following initiatives:

- Erosion Control Funding Programme (East Coast): A fund which will assist land owners to sustainably manage their land through the Restoring the Waiapu Catchment Programme.
- SFF: Two projects are underway on the East Coast aimed at developing a bee industry and land-based aquaculture.
- PGP: The Steepland Harvesting programme aims to create harvesting technologies that will improve productivity and worker safety in steepland harvesting in New Zealand.

Managing MPI's investment portfolio

While each of the investment programmes have their own specific genesis and purpose, there are opportunities for MPI to build a stronger whole-of-organisation approach to its investments. The organisation is complementing the work of these programmes by developing a robust investment system to better understand and improve the value and contribution from MPI's substantial investments, specifically in grants and science research.

The MPI investment system will provide a cohesive system for identifying what MPI should invest in (its investment direction), how MPI decides the relative proportion of that investment (the portfolio), how investments are best managed and evaluated, and how the outcomes and lessons learned are applied to maximum effect. This work is in development now, with phased implementation planned from 2015/16.

5. Fisheries

Fisheries policy settings

The fisheries sector differs from land-based primary production systems in that MPI not only regulates, but actively manages the resources that stakeholders use to generate value. The Quota Management System (QMS) relies on robust science to set sustainable catch limits for almost all significant commercial species in New Zealand's territorial sea and Exclusive Economic Zone (EEZ). Alongside the QMS, the Fisheries Act 1996 also provides for the recognition of Māori fishing rights (commercial and customary) and the management of recreational fishing interests.


Fishing beyond the New Zealand EEZ is governed through Regional Fisheries Management Organisations (RFMOs). New Zealand belongs to four RFMOs, including the South Pacific Regional Fisheries Management Organisation and the Commission for the Conservation of Antarctic Marine Living Resources. Each RFMO governs a different area of the ocean or species. New Zealand works with other RFMO Member countries to negotiate and agree rules for the sustainable management of fisheries and to secure access for New Zealand vessels.

In 2009, Cabinet approved Fisheries 2030 as the Government's long-term strategy for the sector, which included a Five Year Action Plan. MPI is currently undertaking a review of Fisheries 2030, to ensure it is still aligned with the Government and stakeholder priorities.

Much of current fisheries law and regulatory processes reflect 1970s and 1980s views on the appropriate approach to fisheries management and compliance, including a highly centralised model of operational decision-making. There may be potential to add value through more responsive decision-making, more frequent realignments of Total Allowable Catches (TACs) with the status of fish stocks, by encouraging the uptake of new technology and adopting more holistic approaches.

Another major challenge facing MPI is to integrate fisheries management with other marine management frameworks in an environment of increasing pressure on the use of the marine space and a growing demand for protection of the ecosystem. The coastal and marine environment is used by a number of diverse interest groups with management shared between various central and local government agencies. Consequently a high level of co-operation and co-ordination between agencies is required.

A number of fisheries management decisions are made annually, and are a regular part of the role of the Minister for Primary Industries. MPI undertakes two sustainability and regulatory rounds each year, focused on each of the two fishing years in the Fisheries Act 1996: 1 April and 1 October.



[s.9(2)(f)(iv)]

Foreign charter vessels

Legislative changes to the management regime for the use and operation of foreign charter vessels (FCVs) in New Zealand waters came into force in August 2014. The changes were made to address allegations of mistreatment and underpayment of foreign fishing crews, and follow recommendations of a Ministerial inquiry. The legislation will require all FCVs to carry the New Zealand flag from 1 May 2016. The new legislation will give New Zealand full jurisdiction over areas like employment and labour conditions on vessels fishing in New Zealand's EEZ and will help ensure fair standards for all fishing crews working in our waters.

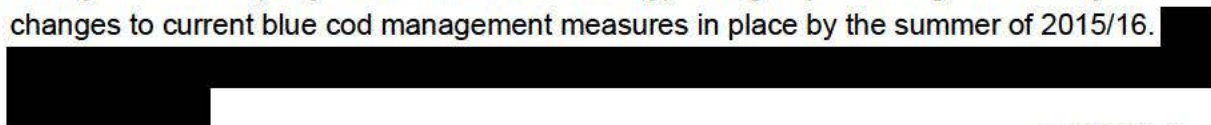
Specific species

Snapper

The north-east snapper fishery (SNA1) was reviewed in 2013 leading to changes in the recreational bag limit and an increase in the recreational size limit for snapper. A multi-stakeholder group was formed to develop a management plan for the snapper fishery by 1 October 2015.

Blue cod

The blue cod population in some areas of the Marlborough Sounds is at low levels. The Blue Cod Management Group, a ministerial appointed body, was established in 2009 to support the review of existing recreational fishing rules. In June 2014, the Minister for Primary Industries agreed to expand the membership of the group to include new commercial and Māori representatives and the mandate of the group to cover management of the blue cod fishery as a whole (not just the recreational fishery). The group is aiming to have any changes to current blue cod management measures in place by the summer of 2015/16.



[s.9(2)(f)(iv)]

Sharks

New Zealand adopted its first National Plan of Action for Sharks in 2008, and a revised plan was approved early in 2014. It contains a range of goals that will be implemented over the next five years to improve the conservation and management of sharks. A ban on shark finning was implemented in New Zealand on 1 October 2014 with a review of the implementation of the ban scheduled for 2016. In addition, a science-based risk assessment will be completed by the end of 2014 that will enable available resources to be targeted at shark species at most risk.

Hector's and Maui's dolphins

Hector's and Maui's dolphins are endemic to New Zealand and among the world's most endangered dolphin species. A whole-of-government approach is taken to mitigate the risks

to these dolphins. In 2008 the Department of Conservation (DOC) and the then Ministry of Fisheries developed the Hector's and Maui's dolphin threat management plan to identify human-induced threats to the populations and outline the strategies to mitigate those threats. A range of measures, primarily closed areas, increased observer coverage on trawl vessels and mandatory observer coverage on some set net vessels, have been implemented.

The Maui's dolphin portion of the plan was most recently reviewed in 2012/13. MPI and DOC have established the Maui Dolphin Research Advisory Group, which will identify and prioritise research for Maui's dolphins.

An application to the Waitangi Tribunal has been made by a local hapu for an urgent hearing on the adequacy of Government's actions to protect Maui's dolphin, a taonga species. No decision has been made yet made regarding the need for urgency.

6. Aquaculture

MPI is the lead agency supporting the aquaculture industry's aspirations to grow sales from \$400 million to \$1 billion by 2025. This commitment is reflected in the Government's 2012 Aquaculture Strategy and Five-year Action Plan and the BGA. The Aquaculture Unit within MPI actively partners with industry to implement this strategy.

The 2011 aquaculture legislative reforms have been limited by barriers to growth of the sector in recent years. One of the most significant barriers is the restrictive nature of regional planning frameworks in key regions. There is also growing uncertainty surrounding the re-consenting of existing marine farms, particularly those adjacent to areas of scenic value. Options to resolve these issues will be developed with NRS agencies. It is anticipated that resolving these issues will provide significant opportunities for private investment and economic growth, while protecting the environment. It will also be beneficial to Māori aquaculture interests. MPI is currently working with iwi to establish regional agreements to deliver on the Crown's obligations under the Māori Commercial Aquaculture Claims Settlement Act 2004.

MPI is also partnering with industry to improve the social licence of the sector, and is currently leading the review of the regulatory regime for land-based aquaculture.

7. Forestry

Plantation forestry

District and regional councils have taken different planning approaches under the Resource Management Act 1991 (RMA) to manage plantation forestry. The inconsistent treatment of forestry activities between regions and among districts within regions requires effort by forest owners to repeatedly engage in RMA processes. This is resource draining for the forestry sector, local government and related stakeholders and creates uncertainty for the sector as a whole. In particular it results in:

- re-litigation of the same issues across the country;
- inconsistent treatment of forestry operations;
- operational inefficiency, as multiple rule regimes can sometimes apply to a single forest;
- investment uncertainty.

MPI has convened a multi-stakeholder working group to look at this issue and develop potential solutions. Agreement has been reached by the working group on consistent planning controls for all of the eight key forestry activities that make up the plantation forestry lifecycle. These proposed planning controls represent a significant simplification of rules that will remove roadblocks to economic growth. The most appropriate regulatory option to implement the proposed planning controls is a National Environmental Standard.

[s.9(2)(f)(iv)]

Engineered timber

Engineered timber products present an opportunity to increase the value of forest products. Manufacturing more higher-value products has the potential to increase export revenue to \$12 billion (as per the sector's strategic goal), and contribute to growing the value of New Zealand's exports from 30 to 40 percent of GDP (as per the BGA). Part of MPI's role is to work with the engineered timber sector to identify the challenges it faces to make progress towards these goals. The challenges are:

- outdated regulations for use of engineered timber in buildings;
- increasing knowledge and skill in timber engineering and design;
- difficulty accessing technical information;
- uncertainty about market demand – domestically and internationally;
- uncoordinated and disconnected value chain.

MPI is continuing to work with the sector to develop ways to meet the challenges mentioned above, building on work over the last five years to support professorships in timber engineering, fund research, and lift the profile of engineered timber buildings. In the short term (next three to five years) the focus is on the domestic market. This means encouraging the construction of more multi-storey buildings using structural engineered timber, a cohesive, connected and co-ordinated sector, and an updated regulatory system. In the long term (ten years and beyond), the focus will be to understand the export markets for complete engineered timber building solutions. This will achieve high-value exports that are a greater proportion of forestry exports than they are now.

A potential catalyst to support a full value chain for engineered timber is a PGP programme. MPI is working with industry to explore this.

Food Safety

8. Response to the Whey Protein Concentrate Incident

MPI is strengthening the food safety system to ensure New Zealand can meet the challenges and opportunities that lie ahead. MPI is implementing the recommendations of the Government Inquiry into the Whey Protein Concentrate Contamination Incident. Key initiatives under way include:

- a Food Safety Assurance and Advisory Council which will provide the Director-General with high-level independent strategic advice on improvements to the food system;

- a Food Safety Science Research Centre which will ensure New Zealand is a leader in food safety science;
- proposals for regulations, rules and guidance to implement the Food Act 2014;
- a Food Safety Law Reform Bill to strengthen and align the food regulatory regime;
- initiatives to improve the dairy sector: industry-led working groups to improve traceability and capability; and tightened requirements around the manufacture and export of infant formula;
- the enhancement of MPI's off-shore presence.

9. Food Safety Law Reform Bill

Some of the 29 recommendations of the Government Inquiry into the Whey Protein Concentrate Contamination Incident require legislation to be implemented. Cabinet agreed to legislative change being progressed in the form of an omnibus bill amending the Animal Products Act and other food legislation as required.

It is important for domestic and international consumers, industry, trade, and government that the food safety and assurance regime is coherent and cohesive, with regulatory requirements as harmonised and efficient as possible. Some of the issues in the dairy sector identified by the WPC Inquiry apply more widely across other food sectors, and should be addressed as part of any legislative change.

[REDACTED]

[s.9(2)(f)(iv)]

[REDACTED]

10. Food Act Regulations

The Food Act 2014 Act replaces the Food Act 1981. The new Act comes fully into force on 1 March 2016 unless brought into force sooner by Order in Council.

A substantial package of regulations, supplemented by tertiary legislation, will need to be put in place by 1 March 2016. The proposed regulations cover a number of key matters that are central to the operation of the legislation. In addition to the making of the regulations, MPI will

develop tools to assist businesses in complying with their obligations under the new legislation. These tools and associated publicity will not be able to be finalised and issued until after the regulations are developed.

Under the Food Act 2014, territorial authorities have a co-regulatory role and there are particular areas of regulation that impact significantly on their planning. The timing of public consultation on proposed regulations must therefore allow time for territorial authorities to fully consider proposals and to undertake their own fee setting processes.

Cabinet approval for public consultation on proposed regulations needs to be sought as soon as possible so that the timeframe of 1 March 2016 can be met. A draft public consultation document on the proposed regulations is being prepared and will soon be available for the consideration of the Minister for Food Safety.

Shared issues

11. MPI cost recovery programme

The Ministry has a substantial cost recovery programme. Key features of this programme are: reviews of cost recovery rates and mechanisms for existing food and biosecurity cost systems; development of new cost recovery regulations for the Food Act 2014; and a review of the Ministry's cost recovery principles and practices.

While the usual annual review of fisheries levies has recently been completed, a full review of these levies is being undertaken and may result in a requirement for legislative change.



[s.9(2)(f)(iv)]

12. Treaty of Waitangi

MPI is currently actively involved in more than 15 Treaty of Waitangi settlement negotiations. These include natural resource management issues with iwi throughout the country. MPI provides specialist technical support and knowledge on the primary sector during Treaty settlement negotiations. MPI operates under a Ministerial mandate which provides the authority for MPI officials to be involved in settlement negotiations in relation to its primary sector portfolio. The mandate is tailored to ensure that what is implemented can be achieved by MPI and that they align with MPI processes and statutory procedures.

The main role in Treaty settlements for the Minister for Primary Industries is to confirm that settlement offers are consistent with the Ministerial negotiation mandate and to approve negotiated MPI relationship agreements, co-governance and co-management arrangements, protocols, and fisheries mechanisms with those iwi that have settled their historical Treaty claims. These partnership mechanisms provide a platform for MPI and iwi groups to share information and discuss opportunities for joint work programmes and other initiatives.

The Fisheries Act 1996, Biosecurity Act 1993 and a number of Treaty of Waitangi settlement acts place specific requirements on decision makers to give consideration to iwi views and interests.

[REDACTED]

[s.9(2)(f)(iv)]

[REDACTED]

[REDACTED]

[REDACTED]

14. New assurances

MPI has traditionally provided assurances to overseas governments that their requirements for market access have been met, and largely left commercial assurances for gaining a premium market position to industry to manage. Industry, however, is now seeking more from MPI in non-regulatory services (for example, certifying halal exports or the sustainability of seafood exports).

Any new assurances that are developed will be provided to non-government and government entities to support the further success of New Zealand firms in off-shore markets. These assurances would extend beyond the legal trade requirements exporters currently have to meet.

The main differences are:

Existing government assurances are mostly	New assurances are
<ul style="list-style-type: none"> • reactive to requirements made by trading partners; • mandatory for market access; • provided to government entities to facilitate trade while at the same time meeting the food safety or biosecurity requirements of importing countries. 	<ul style="list-style-type: none"> • proactive, driven by New Zealand's potential or real "edge" in a market; • additional to mandatory market access requirements; • discretionary so that only those who wish to extract the higher returns participate (market success); • provided to both non-government and government entities.

15. World Trade Organization

The World Trade Organization's (WTO) Doha Round remains an important potential driver for trade liberalisation, but it is currently stalled. WTO Ministers last met in Bali in December 2013 and agreed a number of outcomes that covered trade facilitation, some aspects of agriculture, and development.

16. Free trade agreements

New Zealand and other countries are pursuing bilateral and regional free trade agreements (FTAs). The Trans Pacific Partnership (TPP) has the potential to pave the way for further trade liberalisation in the Asia-Pacific region. The Regional Comprehensive Economic Partnership also provides potential for further regional integration. Likewise, FTAs under negotiation with India and Korea could provide significant opportunities for New Zealand's primary sector. This programme of work also includes negotiation on the sanitary and phytosanitary issues that underpin trade in biological products.

17. International standards

MPI works extensively with the international standard setting bodies to ensure New Zealand's import and export interests are reflected. In particular, it works with the World Animal Health Organisation, the International Plant Protection Convention and the Codex Alimentarius, which are all recognised under the WTO Sanitary and Phytosanitary (SPS) Agreement. WTO member countries are obliged to harmonise their standards with those promulgated by these bodies unless they have a formalised risk-based justification as to why they require a higher level of protection. MPI also works extensively with international organisations such as the World Trade Organization, APEC, OECD, FAO and others involved in agreeing international policy associated with the trade in primary products to ensure their standard setting activities and guidance also reflects New Zealand's interests in protecting biosecurity and public health interests while not unnecessarily restricting trade.

18. Market access

MPI aims to maximise export opportunities by improving market access for New Zealand primary products. New Zealand's export primary industries are served by a large and widening network of bilateral, multilateral and regional trading relationships. Some markets, in major developed economies, are mature, long-established and substantial. Others, primarily in the Asia-Pacific region have come to prominence more recently and others are still emerging. Formalised trading relationships provide an opportunity to take a longer term approach to market access based on building relationships, confidence and trust.

MPI focuses on reducing barriers to trade for our primary sector exporters, consistent with agreed market access strategies and priorities with each major sector. The negotiation of new access where official assurances are required, and reduced foreign imposed compliance costs, remain of high importance. Significant resource is also required to maintain existing access in the face of ever changing international regulations and emerging issues. Much of the above work is directly cost recovered from the sectors. MPI additionally employs strategies for reducing overseas barriers, including tariff and non-tariff measures, negotiating and implementing FTAs, increasing MPI off-shore presence and developing bilateral relationships over the longer term.

Co-operation frameworks established under our trading agreements, provide opportunities for New Zealand to build long term, practical relationships, and greater understanding and confidence in the respective systems. The latter point is particularly useful in supporting New Zealand's market access interests. As New Zealand has a strong reputation for primary industries and exports, many of the co-operation requests from trade partners relate to building capacity. Capacity building commitments are often used to balance New Zealand's own requests for improved market access conditions. As well as raising New Zealand's profile as a genuine partner, they can also provide commercial opportunities for New Zealand's export service sector.

November 2014

Matter	Summary of Issue	Decision/Action Sought	Portfolio
[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]

[All redactions s.9(2)(f)(iv)]

December 2014

Matter	Summary of Issue	Decision/Action Sought	Portfolio
[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]

[All redactions s.9(2)(f)(iv)]

Food Safety Portfolio

October 2014

Matter	Summary of Issue	Decision/Action Sought	Portfolio
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

November 2014

Matter	Summary of Issue	Decision/Action Sought	Portfolio
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[All redactions s.9(2)(f)(iv)]

Appendix 1: Boards and Entities

Minister for Primary Industries

The Minister for Primary Industries is responsible for appointing members of the statutory boards and entities listed below:

- Agricultural and Marketing Research and Development Trust
- Biosecurity Ministerial Advisory Committee
- Representatives' Committee of the Animal Health Board
- National Animal Ethics Advisory Committee
- National Animal Welfare Advisory Committee
- New Zealand Dairy Core Database Access Panel
- New Zealand Horticulture Export Authority
- New Zealand Meat Board
- New Zealand Pork Industry Board
- Investment Advisory Panel – Primary Growth Partnership
- Taiapure – Local Fishery Management Committees
- Taratahi Agricultural Training Centre (Wairarapa) Trust Board
- Telford Farm Training Institute
- Veterinary Council of New Zealand
- New Zealand Walking Access Commission

Minister for Food Safety

The Minister for Food Safety may nominate New Zealand's three members of the Board of Food Standards Australia New Zealand.

The Minister for Food Safety is the New Zealand member of the Australia and New Zealand Food Regulation Ministerial Council.

Appendix 2: Key Legislation

MPI administers more than 50 statutes and nearly 360 sets of regulations. The major statutes administered by MPI include:

- Agricultural Compounds and Veterinary Medicines Act 1997
- Airports (Cost Recovery for Processing of International Travellers) Act 2014
- Animal Products Act 1999
- Animal Welfare Act 1999
- Biosecurity Act 1993
- Commodity Levies Act 1990
- Dairy Industry Restructuring Act 2001
- Driftnet Prohibition Act 1991
- Fisheries Act 1983
- Fisheries Act 1996
- Food Act 2014
- Food Act 1981
- Forests Act 1949
- Kaikōura (Te Tai o Marokura) Marine Management Act 2014 (jointly with DOC)
- Kiwifruit Industry Restructuring Act 1999
- Maori Commercial Aquaculture Claims Settlement Act 2004
- Maori Fisheries Act 2004
- National Animal Identification and Tracing Act 2012
- New Zealand Horticulture Export Authority Act 1987
- Treaty of Waitangi (Fisheries Claims) Settlement Act 1992
- Veterinarians Act 2005
- Walking Access Act 2008
- Wine Act 2003

In addition, MPI has responsibilities under other legislation that it does not administer, such as:

- Climate Change Response Act 2002 (forestry sector);
- Hazardous Substances and New Organisms Act 1996 (MPI is the enforcement agency for new organisms);
- Public Works Act 1981 (irrigation schemes).

Legislative Bids

The legislative bid process is the process by which Bills are allocated priority for both House time and drafting resources for the coming year.

[Redacted]

[Redacted]

Primary Industries Portfolio

Name of Bill	Priority under previous Bid	Suggested priority	Current Status
[Redacted]	[Redacted]		[Redacted]
[Redacted]	[Redacted]		[Redacted]
[Redacted]	[Redacted]		[Redacted]

Food Safety Portfolio

Name of Bill	Priority under previous Bid	Suggested priority	Current Status
[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]		[Redacted]

[All redactions s.9(2)(f)(iv)]

Appendix 3: MPI Structure

Policy and Trade

Deborah Roche is the Deputy Director-General (DDG) Policy and Trade. The Policy and Trade branch provides sector-level strategic thinking, policy advice and analysis, and oversees government-to-government relationships to maximise export opportunities. The branch incorporates market access functions, and leads MPI's involvement in New Zealand's trade system. It has a strong focus on sustainable economic growth, resource management and engaging on key issues of interest to New Zealand's primary sector. The DDG is the chair of the Sustainable Economic Development and Trade Governance Board for MPI.

Regulation and Assurance

Scott Gallacher is the Deputy Director-General Regulation and Assurance. The Regulation and Assurance branch supports primary producers and consumers by implementing the full range of MPI's legislative and regulatory frameworks. This is the branch in which the core of MPI's regulatory functions sits. It provides the requisite confidence, transparency and trust to domestic and overseas consumers, overseas regulators and the primary industries as to the credibility, integrity and strength of our regulatory settings and systems for biosecurity, food safety and primary production (including animal welfare and fisheries management). The DDG is the chair of the Food Safety Governance Board for MPI.

Operations

Andrew Coleman is the Chief Operations Officer. The Operations branch has a critical role in preventing harmful organisms crossing New Zealand's borders. It manages border and compliance activities as well as preparing for, and responding to, any biosecurity incursions that may occur. The branch also manages MPI's centralised intelligence, planning and co-ordination group which was established to manage food, biosecurity and animal welfare responses consistently and effectively. The Chief Operations Officer is the Chair of the Biosecurity Governance Board for MPI.

Sector Partnerships and Programmes

Ben Dalton is the Deputy Director-General Sector Partnerships and Programmes. The Sector Partnerships and Programmes (SPP) branch delivers MPI's non-regulatory programmes and initiatives to promote sustainable economic growth, such as the Primary Growth Partnership, the Sustainable Farming Fund and the Māori Agribusiness programme. SPP has an important role in linking government with industry and provides a clear entry point for stakeholders seeking access to growth-related initiatives. Along with the Policy and Trade branch, SPP acts as a hub for MPI's economic development functions.

Corporate Services

John Ryan is the Deputy Director-General Corporate Services. The Corporate Services branch provides support services and maintains systems and work practices that enable MPI to deliver its core functions. The branch consists of a human resources function that looks after systems and work practices that attract, develop and retain MPI's employees, a business technology and information services function that enables technology and

information needs, a finance, property and procurement function that takes care of our workspace, MPI's finances and reporting needs and a planning and transformation team that implements corporate initiatives.

Office of the Director-General

Dan Bolger is the Deputy Director-General Office of the Director-General. The Office of the Director-General branch provides direction-setting and supporting services across the Ministry, and direct support to MPI's Director-General. The branch's advice and services span strategy, planning and performance; service design; project and portfolio management; legal services; communications and marketing; assurance, internal audit and governance functions; Ministerial processes; and Official Information Act requests. In addition, the branch has responsibility for the commercial Crown Forestry operation.

China Relations

Roger Smith is the Deputy Director-General China Relations. MPI's commitment to build strong relationships with China is reflected by our new enlarged team on the ground there, with offices in Beijing and Shanghai. To be successful in China we need to take a partnership approach, devoting ourselves to a trusted and transparent relationship. This way we can help New Zealand identify and manage issues and opportunities quickly and openly, which is critical. Our team will be working with stakeholders from across New Zealand's primary industries, government agencies, Ministers and representatives from the Chinese government and businesses in China.

Change Management

Carol Barnao is the Deputy Director-General Change Management Programme, overseeing a number of major change programmes at MPI and implementing various initiatives to strengthen the government processes already in place. This work includes the implementation plan for work consequent to the government inquiry into the Whey Protein Contamination incident.

Departmental Science Advisor

Dr Ian Ferguson is the Departmental Science Advisor. He is well known in the science community both nationally and internationally and was the Chief Scientist of the Crown Research Institute Plant and Food Research (and formerly HortResearch) from 2003 to 2012. The Departmental Science Advisor position was created in 2012 and is intended to influence and provide science leadership and oversight. The position helps to ensure the integrity of MPI's science and science advice and that MPI has appropriate research standards and quality assurance systems in place for science.



Appendix 4: Collective Impact

MPI is actively supporting the various cross-government initiatives, including those that are noted below.

Economic issues

- MPI is a contributor to the Government's Economic Chief Executives' group, which is responsible for taking a collective approach to lift-New Zealand's economic performance. The group has identified a set of focus areas for the medium term, including a competitive business environment that's internationally connected; skills that support participation and economic growth; and a high quality natural and built environment that supports future economic growth. The group considers that a collective push in these areas could lead to greater economic outcomes.
- MPI is a key contributor to the BGA work-streams that the government considers will make a significant impact on business performance: export markets, innovation, skilled and safe workplaces, resources, infrastructure and capital markets.
- MPI will champion the primary industries within the wider machinery of government and with the public. Critical to this will be continuing the transformation of MPI into an organisation that views itself as an economic development agency focused on the sustainable use of our natural resources.
- The Māori primary sector has a significant part to play in lifting the Māori contribution to New Zealand's economy. Several elements of the Māori Economic Development Strategy and Action Plan relate to the Māori primary sector and work that is underway.
- MPI participates in the NZ Inc Chief Executives' process. These are the CEs of outward facing departments, and particularly those with staff based offshore. CEs meet to review and consider priority actions and provide guidance to the NZ Inc effort (one example was the consideration of off-shore resource expansion). In parallel with this process, MPI also participates in the NZ Inc Senior Officials process to discuss progress on the various NZ Inc market strategies and stock-take agencies' involvement in those goals, and identify key issues New Zealand is facing in each of the markets and long-term strategies to address these.

Information technology

- MPI has participated in the recent ICT Taskforce which developed the Government ICT Strategy and Action plan to 2017. In support of the action plan MPI undertook the procuring of an Enterprise Content Management as a Service (ECMS) panel (inclusive of three vendors) on behalf of government agencies of which Internal Affairs now manages the Lead Agency Contract. This work has minimised costs across government as all agencies can select the best-fit supplier from a panel that suits their business needs rather than go through a full procurement cycle.
- MPI has also contributed to the Common Web Services, Cloud computing initiatives, Telecom as a service, and the open data platform.

Better Public Services

- The Better Public Services, Result Area 9: Business Facing Services initiative is being lead by MBIE, with MPI one of the seven participating agencies. This result area aims to reduce the cost to business and effort of interacting with government by 25 percent by 2017. To date MPI has provided information on current initiatives and business-facing services we provide and has participated in workshops for the early identified initiatives. MPI is committed to be able to recognise the New Zealand Business Number by 2017. MBIE is preparing a Cabinet paper on the status of the programme for consideration in February.

Border Sector

- The Border Sector Ministerial Group (Ministers of Customs and Immigration, and the Minister for Primary Industries) provides leadership and strategic direction for how the government manages New Zealand's borders. They are supported by the Border Sector Governance Group, comprising the Chief Executives of the New Zealand Customs Service, MBIE, MPI and the Ministry of Transport, which provides the mechanism for co-ordinated border management in New Zealand.
- Collaboration and looking for opportunities for continuous improvement are part of the way agencies deliver their core border services. Agencies' key priority is to complete current initiatives such as JBMS. The vision is also being delivered through SmartGate, sharing information, rationalising facilities at the ports and airports through initiatives such as shared service desks, shared facilities and bringing operational staff together in one place, coordinating cargo inspections and agency interactions with arriving commercial and private craft where possible, and co-warranting inspectors to undertake tasks on behalf of each other. Agencies are planning to examine opportunities to improve the timeliness and scope of pre-arrival passenger information.

Natural Resources Sector

- The Natural Resources Sector (NRS) is a grouping of the central government agencies responsible for the management and stewardship of New Zealand's natural resources. The focus of the NRS is to ensure that, across government agencies, a strategic, integrated and aligned approach is taken to natural resources development and management. The work programme underway both within individual NRS agencies and through the NRS Support Unit is outlined in the NRS BIM. The four-year focus is on system-wide issues of improving decision making and accessing better innovation and technology, and addressing specific resource issues affecting climate, land, water and marine.

Appendix 5: The Primary Sector

Export values from agriculture, fisheries and forestry are projected to reach \$40.7 billion by the year ending June 2018, which is an increase of eight percent on the year ending June 2014. Export prices increased across most sectors in 2014, underpinned by robust demand from China, which is the most important market for dairy, meat and wool, aquaculture and logs.

Dairy

Dairy export revenue is expected to increase from \$18.1 billion in 2014 to \$18.4 billion in 2018 on the back of increases in production. Our largest export commodities are Whole Milk Powder (\$8.4 billion), Butter (\$2.7 billion) and Skim Milk Powder (\$2.3 billion). The largest export markets for dairy are China, Southeast Asia and the OPEC countries, which collectively receive 66 percent of our dairy exports. The value of New Zealand dairy exports is expected to continue growing.

Expansion of dairy farming is progressing in New Zealand and productivity gains per cow are expected to continue. This expansion will create challenges and risks particularly around environmental limits. Increasing global supply of dairy products is starting to create a downwards pressure on prices.

To combat forecast decreased prices manufacturers are becoming more focused on customer need to produce value added product to maximise profits as demand for New Zealand branded dairy products strengthens.

KEY EXPORT PRODUCTS

 **WHOLE MILK POWDER**
\$8.4 Billion

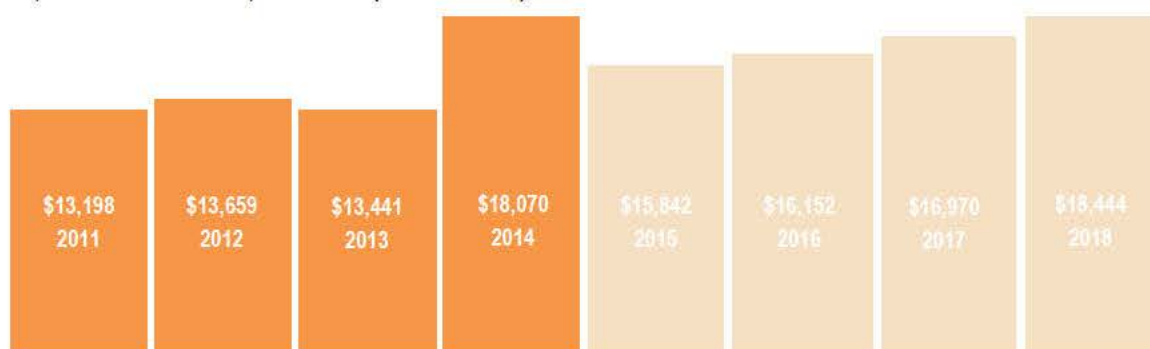
 **SKIM MILK POWDER**
\$2.3 Billion

 **BUTTER**
\$2.7 Billion

KEY EXPORT MARKETS



DAIRY, EXPORT REVENUE, 2011-2014 (NZD MILLION)



Forestry

New Zealand’s log harvests are at record levels and are forecast to increase as trees planted in the early 1990s mature. High demand for logs and international supply constraints has led to historically high log prices. If this continues, as expected, forest owners may begin harvesting logs at younger ages to take advantage of market opportunities. The domestic demand for sawn timber is expected to increase with demand from the Auckland and Christchurch housing markets, but the sawmilling industry faces challenges with higher input costs combined with the high New Zealand dollar.

Total forestry exports were \$5.2 billion in 2014, and are forecast to fall to around \$5.0 billion in 2018. China (43 percent), Australia (13 percent) and South Korea (10 percent) are the largest export markets for forestry products.

China alone receives 71 percent of our exported logs and wood chips, 19 percent of exported sawn timber and 25 percent of exported pulp. Australia is our largest market for paper and paperboard (36 percent) and Japan for panels (55 percent).

KEY EXPORT PRODUCTS



FORESTRY EXPORT REVENUE, 2011-2014 (NZD MILLION)



Meat and Wool

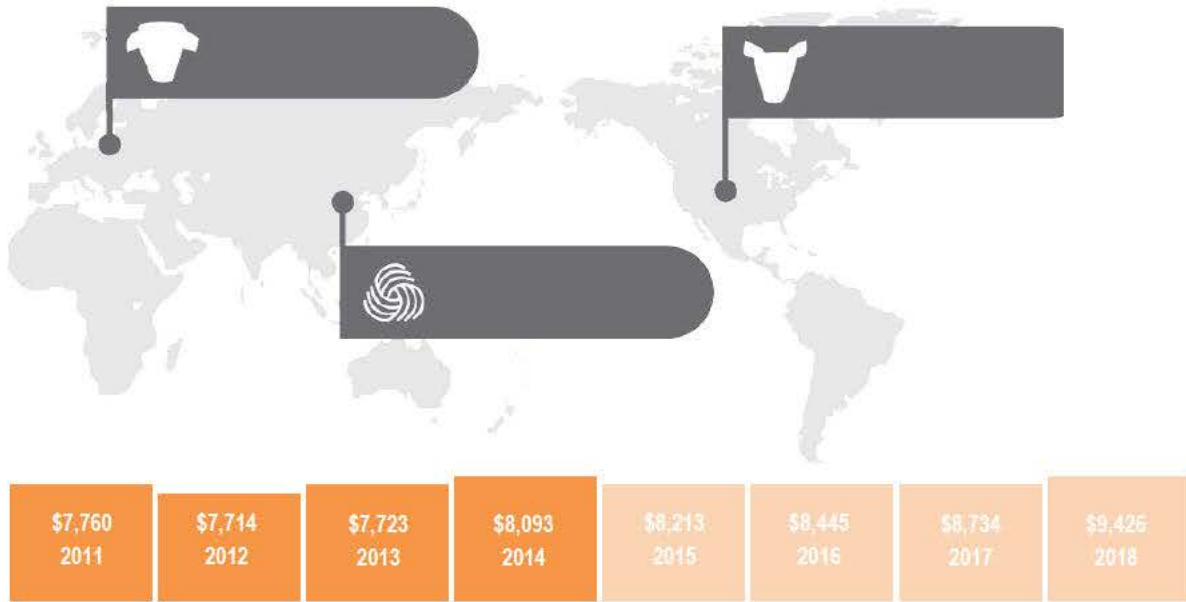
The current value of New Zealand’s meat and wool exports is \$6.7 billion and this is expected to increase by about 22 percent over the next five years. The increase will be driven by high prices from constrained supply of beef and lamb (due to recent droughts in Australia and the United States) and a steadily growing demand from Asia.

The European Union is the largest market for New Zealand’s meat and wool exports (26 percent) and China is now the most significant single market for New Zealand’s meat and wool exports (21 percent) followed by the United States (18 percent).

The United States remains New Zealand’s largest market for beef, the European Union for lamb and mutton and China is the largest market for wool exports.

The US Department of Agriculture is forecasting Asian demand for beef imports to more than double to 3.9 million tonnes by 2023. New Zealand’s network of free trade agreements in the Asia region will give an advantage in supplying this increased

demand but we will not be able to greatly lift total export volume to take full advantage of this opportunity due to dairy expansion impeding growth in beef cattle numbers.



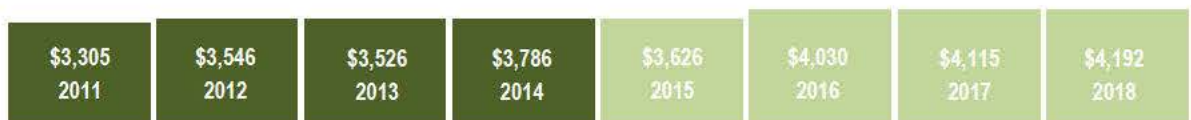
Horticulture

Horticulture export earnings reached \$3.8 billion in 2014 and are forecast to reach \$4.2 billion in 2018. Key export products were wine (\$1.3 billion), Kiwifruit (\$0.9 billion) and Vegetables (\$0.7 billion). New Zealand’s top horticulture export markets are the European Union (27 percent), Australia (22 percent) and the United States (13 percent). The European Union is our top market for wine, kiwifruit and apples and Australia is the top market for vegetables and other fruit.

Export volumes for kiwifruit are down 12 percent due to the impact of Psa (present in over 76 percent of kiwifruit orchards) but the industry has acted to contain the impact by substituting the more resilient new Gold3 cultivar. Kiwifruit export volumes are expected to recover over the next few years as the new Gold3 vines are harvested.

Wine export volumes are forecast to reach 220 million litres in 2015 due to the expected record vintage (420,000 tonnes) this year. This should see a rise in the total export value of wine to around \$1.45 billion next year and the export value should continue to increase to around \$1.5 billion in 2018 off the back of slightly lower forecast export volumes of 215 million litres.

KEY EXPORT PRODUCTS



Seafood

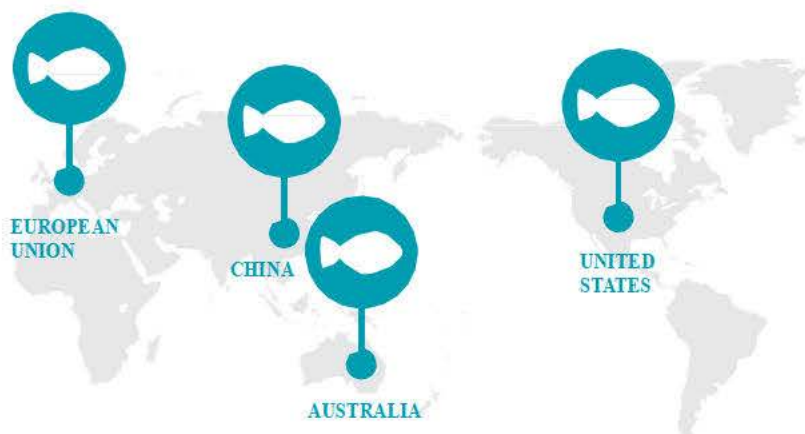
Export earnings for the seafood industry are forecast to grow from \$1.4 billion in 2014 to \$1.6 billion in 2018. Prices are likely to remain high due to strong demand from New Zealand’s top seafood export destinations (China, Australia, the European Union and the United States).

Wild capture fisheries (deepwater, pelagic, inshore shellfish, inshore finfish and other seafood products) account for around 79 percent of New Zealand’s total seafood export earnings. The value of wild capture fisheries is forecast to grow about 1.9 per annum to reach \$1.24 billion in 2018. The value of aquaculture earnings is expected to grow by 9.8 percent per annum to reach \$402 million in 2018. There is scope to increase aquaculture production through development of new farms and species, which is dependent on the availability of suitable space and investment.

Key export earners in the seafood industry are deepwater (\$386 million), inshore shellfish (\$310 million) and aquaculture (\$298 million). The top export markets are China (29 percent), Australia (18 percent) and the European Union (12 percent). China is the top market for deepwater fish, inshore shellfish and pelagic catches, the United States is the top market for aquaculture and Australia for inshore finfish and other fish.

KEY EXPORT PRODUCTS

-  **DEEPWATER**
\$386 Million
-  **INSHORE SHELLFISH**
\$310 Million
-  **AQUACULTURE**
\$298 Million



Glossary

BGA	Business Growth Agenda
DDG	Deputy Director-General
DOC	Department of Conservation
EEZ	Exclusive Economic Zone
ERS	Emerging Risk System
ETS	Emissions Trading Scheme
FCV	Foreign charter vessels
FOMA	Federation of Māori Authorities
FTA	Free Trade Agreement
GIA	Government-Industry Agreement
IAF	Irrigation Acceleration Fund
JBMS	Joint Border Management System
KVH	Kiwifruit Vine Health
MBIE	Ministry for Business, Innovation and Employment
MFAT	Ministry of Foreign Affairs and Trade
MPI	Ministry for Primary Industries
MSC	Marine Stewardship Council
NRS	Natural Resources Sector
NZKGI	New Zealand Kiwifruit Growers Incorporated
NZTE	New Zealand Trade and Enterprise
PGP	Primary Growth Partnership
PICA	Primary Industry Capability Alliance
QMS	Quota Management System
RFMO	Regional Fisheries Management Organisation
RMA	Resource Management Act

SFF	Sustainable Farming Fund
SPS	Sanitary and Phytosanitary
TAC	Total Allowable Catch
TPP	Trans Pacific Partnership
VMS	Vessel Monitoring System
WPC	Whey Protein Concentrate
WTO	World Trade Organization
